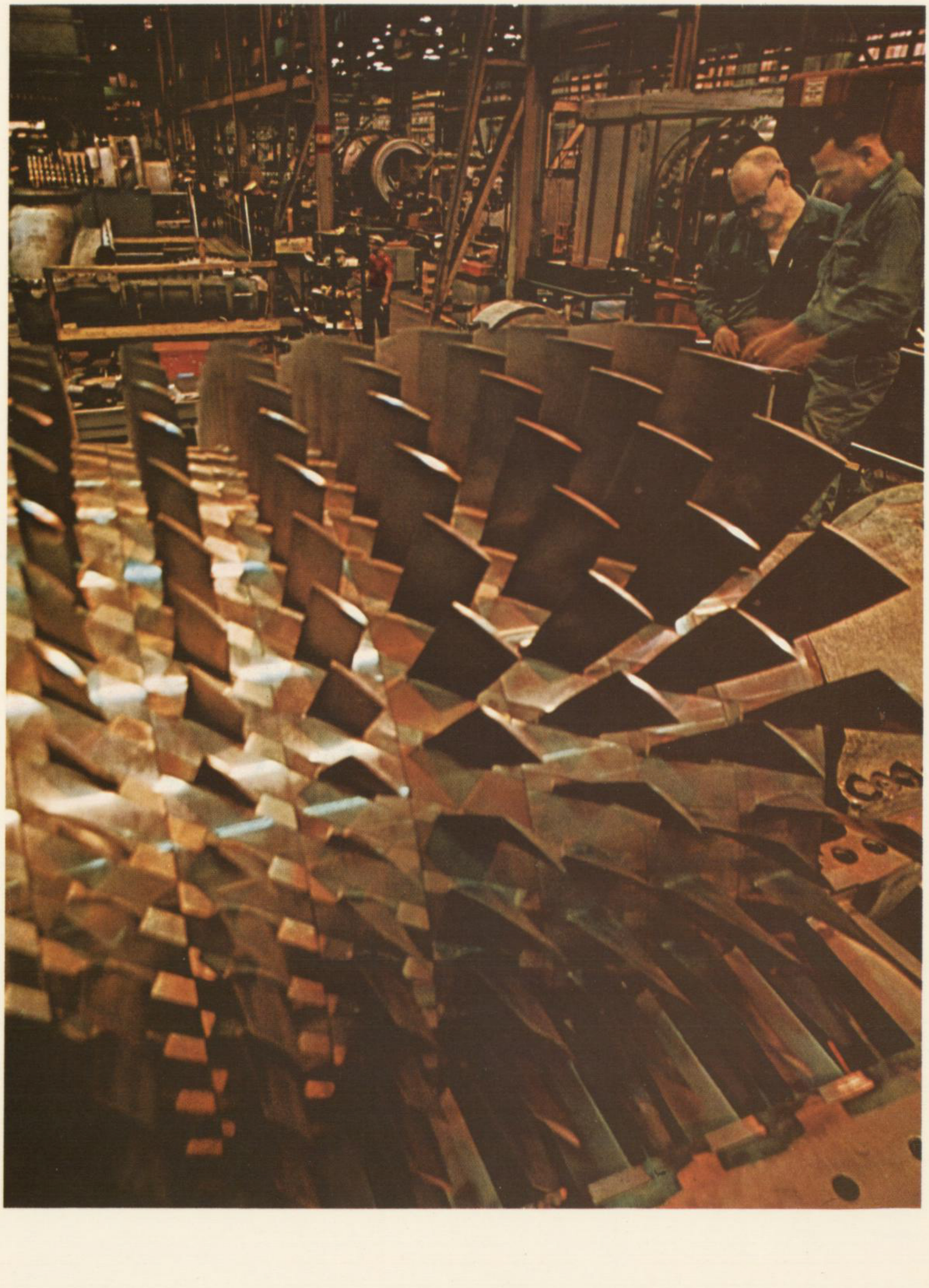
1967 ANNUAL REPORT

GENERAL ELECTRIC



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Highlights of 1967

(In millions; per-share amounts in dollars)

Financial: On worldwide basis of consolidation	**1967**	**1966**
Sales of products and services	$7,741.2	$7,177.3
Net earnings	361.4	338.9
Net earnings per share	$4.01	$3.75
Dividends declared and paid per share	2.60	2.60
Total taxes per share	4.33	4.53
Earnings as a percentage of sales	4.7%	4.7%
Earned on share owners' equity	15.9%	15.7%
Plant and equipment additions	$561.7	$484.9

Financial summary begins on page 28.

Operating highlights

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COVER: Precision-machined gas turbine compressor blades, shown at left, form the pattern on this year's cover. Once a General Electric "futures" business, gas turbines are now a widely accepted power source and a contributor to earnings. Rising sales and orders for gas turbines reflect their increasing use by U.S. utilities, primarily to meet peak power demands, and overseas as basic power generation plants. Throughout the world, gas turbines serve the pipeline industry pumping gas and oil, and in the chemical industry they are increasingly being used as compressor drives.

NOTE: In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 28. The corporate signature as it appears on the front cover is a trademark of General Electric Company.

EXECUTIVE OFFICES: *570 Lexington Avenue, New York, New York 10022*

Comments by the President and Chairman

General Electric sales and earnings reached new highs in 1967. Sales, increasing for the seventh consecutive year, were 8% above the 1966 total, with earnings rising 7%.

The Company's total sales result from products and services supplied to four main markets—consumer products, industrial components and materials, heavy capital goods and aerospace and defense products. These markets were affected by the mixed trends in the U.S. economy during the year. An industry-wide inventory adjustment slowed sales of consumer products in the early months, but sales picked up as the year progressed, bringing the 1967 total close to 1966 levels. The slowing in consumer goods also affected many components businesses. On the other hand, most operations supplying heavy capital goods to utility and industrial customers worked to capacity against large orders backlogs. And aerospace and defense sales were at increased levels throughout the year.

Exports from the U.S. were $498 million in 1967, slightly above the 1966 volume. A significant portion of our business outside the U.S. is conducted by affiliates abroad serving international markets. Sales by Canadian General Electric Co., Ltd., rose 2% to $395 million. Sales by other consolidated overseas affiliates increased 17% to $719 million.

On balance, the Company's rise to a $7.7 billion sales level in 1967 meant that General Electric people added some $564 million in sales on top of increases that had been near $1 billion in each of the preceding two years. Moreover, the orders backlog at year end was at a new high.

Expenditures for plant and equipment were increased, reflecting our accelerated program to speed delivery on unfilled orders and to prepare for future growth. Expenditures of $562 million in 1967 brought the level for the past two years to over $1 billion, which almost equals the total for the preceding five years.

The rise in earnings reflected a substantial improvement by our established businesses in the fourth quarter, when compared with the 1966 final quarter. At that time, earnings were severely affected by events arising from labor negotiations, including local strikes, deferred shipments and heavy customer inventories in anticipation of work stoppages. The comparatively high level of earnings in the 1967 fourth quarter was also favorably affected by a non-recurring recovery of World War II losses, as discussed in the Financial Summary.

Management continues to place primary emphasis on improvement in earnings.

The ratio of earnings to sales of 4.7% for both 1967 and 1966 is below the 5 to 6% range of the preceding decade. The three main factors currently causing this lower ratio include the impact of major ventures which will contribute to future growth, the changed mix of current business and heavy start-up costs associated with our increased capital expansion program.

Currently, the Company has under way the greatest array of major new growth ventures in its history. These include information systems, nuclear energy, advanced commercial aircraft engines and new chemical products. Development costs of these ventures adversely affected 1967 earnings.

Our established commercial businesses in 1967, in the aggregate, maintained their earnings rate of previous years through keeping costs in balance with revenues. However, the changed mix of the total business is reflected in the more rapid growth of our aerospace and defense operations which, with their typically lower rates of income to sales, serve to lower the overall ratio.

Start-up costs arising from the Company's substantially increased capital modernization and expansion program reached a new high during the past year.

The impact of these factors was partially offset through the aggressive cost-saving efforts of General Electric people throughout the year.

Looking ahead to 1968, your management expects our established businesses to maintain their profitable performance, contingent upon developments in world economic and political conditions. Government actions at home and abroad resulting from the uncertainties of the international situation may involve tax increases, tightening of the money supply and further controls and restraints affecting world trade. These will especially affect the profitable performance of all companies operating internationally.

Our new ventures will continue to have an adverse impact on 1968 earnings. We anticipate, however, that in 1968 our investments in these ventures will enable them to make significant progress toward profitability.

The organizational realignment discussed on page 25—introducing a five-man President's Office to direct the Company's growth and broadening our management ranks at Group, Division and Department levels—is designed to manage the growth realized to date and to prepare General Electric for serving our customers' expanding worldwide needs.

Fred J. Borch

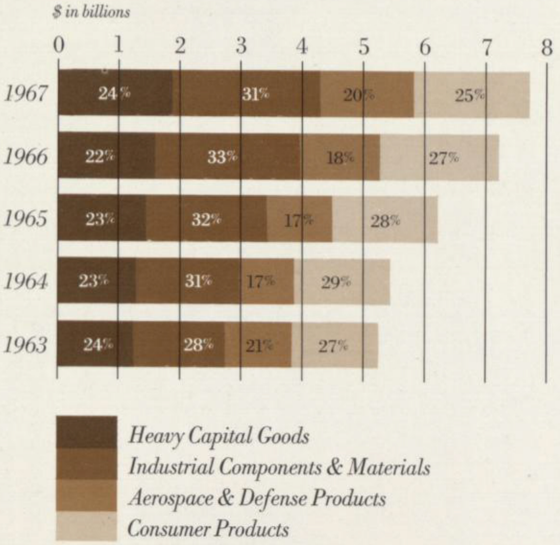
President and Chief Executive Officer

GL Phillippe

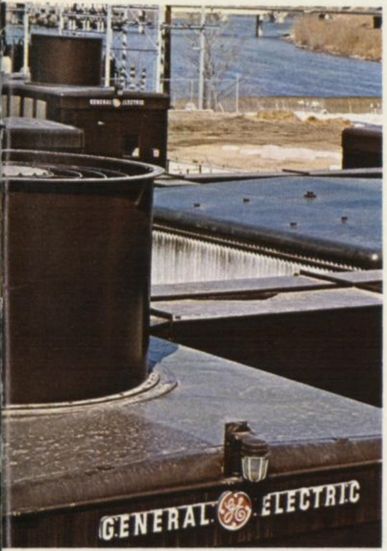
Chairman of the Board
February 21, 1968

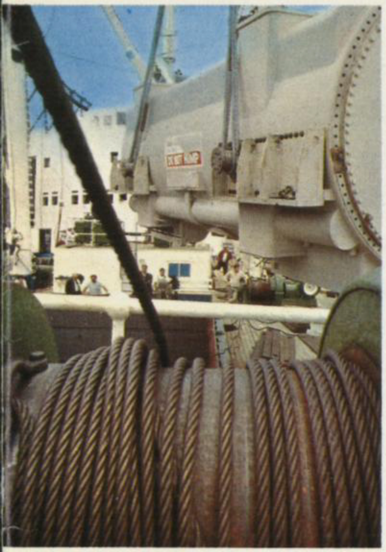
The President's Office: President Fred J. Borch and Chairman Gerald L. Phillippe (seated), with Executive Vice Presidents William H. Dennler, Herman L. Weiss and Jack S. Parker.

General Electric Worldwide Sales 1963-1967



Growth areas in utility sales include: (left) nuclear fuel, whose replenishment will add to the Company's nuclear generation business; and multi-unit gas turbine power blocks (below). Exports of electrical apparatus (bottom) are boosted by rapid growth in demand for energy overseas.





Heavy demand for utility apparatus pushes plant expansions

Record expenditures by electric power producers in expanding their systems gave General Electric the opportunity to achieve record sales in 1967 for generation, transmission and distribution equipment.

Order books for some types of heavy equipment were filled into the early 1970's, touching off the largest expansion of apparatus facilities in the Company's history.

Sales of power generation equipment showed the sharpest growth, with the 1967 volume almost half again above the strike-affected 1966 level. Sales of large steam turbine-generators set the pace. Also noteworthy was the rise in sales and orders for gas turbines, as discussed on page 1. The Company has expanded its Schenectady, N. Y., gas turbine facilities and is building a new plant near Greenville, S. C.

In nuclear generation, General Electric continued to work toward completion of "turnkey" power-plant orders received as far back as 1963, involving delivery of a complete plant at a firm price. These orders, important in getting this new industry under way, have been a major factor in keeping this business from being profitable and are no longer being accepted. However, costs to be incurred in construction of these plants will continue to affect earnings adversely.

In 1967, orders were received for eight reactor systems with a total capacity of 6.3-million kilowatts. During the early part of the year, the Company's orders rate for new nuclear business was slowed primarily by limitations on making firm commitments on deliveries of turbine-generators due to large production backlogs.

The Company is expanding its turbine facilities at Schenectady, N. Y., building a plant in Charleston, S. C., to produce turbine hoods and has purchased a plant in South Portland, Me.

Near Wilmington, N. C., the Company is building a new nuclear equipment plant adding to the capacity of its present California facility.

Construction work on the experimental fast reactor, being developed in cooperation with Southwest Atomic Energy Associates, is near completion in Arkansas. The plant is due to begin operation in 1968. The Company is also developing breeder technologies in cooperation with other utilities across the country.

Canadian General Electric Co., Ltd., is independently developing heavy-water nuclear technology for Canada and is building a 137,000-kilowatt nuclear station in Pakistan.

Power transmission apparatus has accounted for increased percentages of utilities' capital outlays during recent years. Growth has been spurred by the economics of linking systems in interconnected power pools. For General Electric, the orders backlog continued to rise even though 1967 shipments were at record levels. To increase capacity, the Company is completing a new addition to the Rome, Ga., facilities and a major expansion at Pittsfield, Mass.

General Electric leads in the development of silicon rectifiers both for utilities and for industrial use (as pictured on page 10). Voltage ratings of these high-power rectifiers have been increased to the point where they can be used as terminal equipment for high-voltage d-c electric-power transmission lines.

Sales of GE power distribution equipment moved to a new peak, strengthened both by utilities' growth and by their drive to put distribution systems underground. Developments, many of them from General Electric, are steadily reducing underground costs.

To meet Western utilities' needs for distribution transformers, the Merced, Calif., plant went into production in 1967. A new distribution transformer plant is planned in Shreveport, La.

New York City (right) is among the major urban centers using General Electric rapid transit propulsion equipment to improve its transportation system. Use of General Electric lighting for both beauty and function was dramatically displayed at Canada's Expo 67 (below).

Transit and lighting pace growing sales to communities

Major orders for rapid transit equipment and large municipal lighting installations around the world led the Company's 1967 business in community services.

Rapid transit, one of General Electric's oldest businesses, is being revitalized by the need of heavily populated urban areas to solve the problems of traffic congestion. Powered by General Electric motors and drive systems, new high-speed trains for the Northeast Corridor route between Washington, D. C., and New York City were tested successfully in 1967. Company propulsion equipment will also drive 270 new high-speed cars purchased for the Long Island Rail Road and cars for Cleveland's new rapid-transit system linking city and airport.

The year saw major lighting installations both in the U. S. and abroad. Among the most spectacular were the relighting of a large section of Tehran for the coronation of the Shah of Iran and the Canadian sales of area and decorative lighting for Expo 67.

Lucalox® lamps went international with orders for 1,400 Luminaires for Madrid and the lighting of the Costoni di Fieud tunnel in Switzerland. These highly efficient lamps are gaining rapid acceptance in the U. S. for shopping centers, highways and a variety of outdoor applications. Kansas City, for example, chose Lucalox lamps for improved lighting in its downtown commercial section, as did New York for relighting the Avenue of the Americas.

Color television of night athletic events has brought an immediate need for higher levels of stadium lighting. Cleveland's Municipal Stadium, the Los Angeles Coliseum and Georgia Tech's stadium in Atlanta were relighted with high-intensity General Electric lamps.

The General Electric Broadcasting Company entered into an agreement to purchase a radio and TV station in Denver, Colo., subject to Federal Communications Commission approval.

General Electric is developing information and communication systems for use in traffic control, education, medical surveillance and police work. One system permits police cars to receive automatically a print-out of license information or other pertinent data transmitted over a radio channel from central headquarters.

TEMPO, the GE "think" laboratory in Santa Barbara, Calif., is developing systems approaches to urban problems. Examples include a housing-requirements projection for the President's Committee on Urban Housing, development of model city guidelines for the Department of Housing and Urban Development, a transportation facilities plan for Hawaii and a Planning-Programming-Budgeting system for Detroit.

Late in 1967, General Electric formed a new Urban Affairs component whose purpose is to develop a greater coordination of those Company products and services that can contribute to the solution of urban problems.

General Learning Corporation, owned jointly by General Electric and Time Inc., worked with educators in Pittsburgh, Pa., in a program of experimental classes which aims at the development of new educational materials for children three to nine years of age. In addition, it continues to operate the Job Corps Training Center at Clinton, Iowa, which graduated its first classes in 1967.

For financial support of U. S. education, the Company authorized contributions of $2.2 million, including awards through the GE College Bowl program and grants of instructional equipment. The General Electric Foundation, a trust established by the Company, contributed $1.2 million to over 725 educational institutions. Its annual report is available on request.

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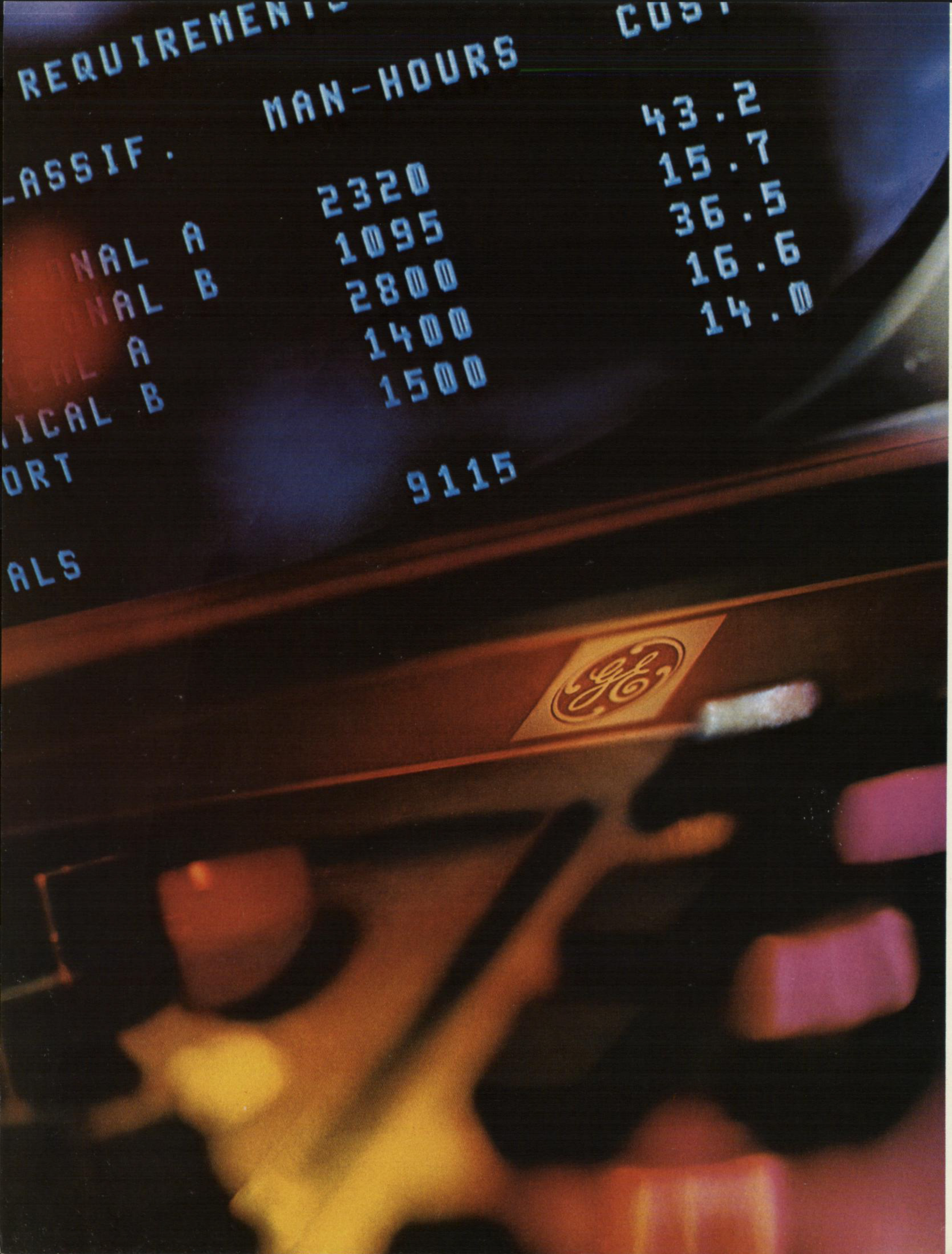
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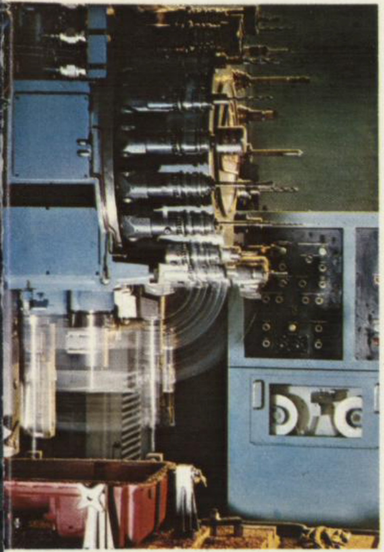
General Electric increased its lead in the rapidly growing field of computer time-sharing. Terminal (left) links customer, via telephone lines, to a GE computer system. Another growth area is tool automation. Drill at an Italian plant (below) is operated by a GE numerical control made in Europe.



Industrial equipment, information systems gain in new markets

Growth in 1967 sales to industrial customers around the world maintained industry as General Electric's largest customer. These product lines cover a wide spectrum, including established components businesses and some of the fastest-growing "futures" businesses. The overall gain in 1967 industrial sales resulted primarily from increased shipments of heavy industrial drive equipment and information systems.

Industrial drives systems, integrating electric power equipment and increasingly advanced controls, benefit both from industry's expansion of production capacity and from the push to offset rising labor costs through automation. As a result of industry's continuing capital expansion in 1967, General Electric succeeded in maintaining a high rate of orders for these industrial systems during the year.

The steel industry, making unprecedented investments in order to stay competitive in the worldwide materials market, is a major customer. General Electric's drive systems, including the most advanced computer and process control technology, are making significant contributions. 1967 examples include start-up of the world's two most automatic hot strip mills and implementation of the first two successful computer-controlled plate mills.

Completion of an order for the world's largest dragline for coal mining exemplifies the Company's continued leadership in drive systems for other basic industries.

Increased ability to serve industrial drive needs has been provided through an expansion of facilities in Erie, Pa., and a major new facility for small industrial a-c motors which is to be constructed near Nashville, Tenn.

Industrial process control, an advanced sector of industrial systems, showed strong sales growth as the Company maintained its technological leadership. Deliveries began on the GE-PAC® 4020 process computer, a new design using integrated circuits to monitor and control industrial processes. General Electric is the leading supplier of process control systems built around process computers—a market which is growing at a rate of over 25% a year.

Numerical controls developed by the Company have been making rapid strides as the control elements for sophisticated machine tools. Growth of the business has required the addition of a plant at Richmond, Va. The Company's 1967 sales of numerical controls in Europe increased four-fold over those for 1966.

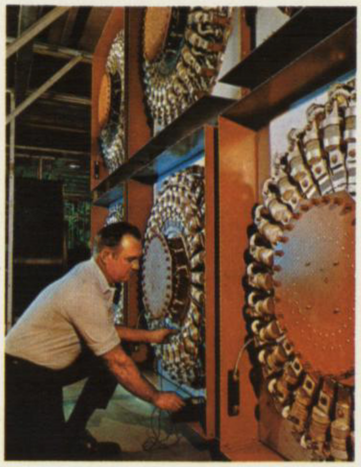
The information systems business of General Electric is a key growth opportunity. In this area 1967 brought increased integration of worldwide operations, higher shipments, reduced operating losses and continued growth in the important market for time-sharing information services and equipment.

As discussed in the Comments on pages 2 and 3, the development of this business is having an adverse impact on earnings. Certain sectors of General Electric's information systems business have become profitable; others are currently showing losses as expenditures for technological advances and other investments are made to enhance the Company's participation.

In time-sharing, one of the fastest-growing areas of the information systems industry, General Electric is operating more than 25 time-sharing computer systems in the U.S. and can thus provide computer service to anyone served by telephone lines. In addition, General Electric installed the first time-sharing centers outside the U.S.—in Canada, Europe and Australia—and now offers time-sharing on the GE-200, GE-400 and GE-600 computer lines.

With extensive experience in computer sys-

The construction industry is an important customer for Company electrical apparatus (right). Other industrial products include polymer materials produced at a new plant (below) and silicon rectifiers (bottom) which bring new flexibility in power supplies for industrial systems.



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tems for its own diverse businesses, and as a leader in industrial automation, General Electric is in a strong position to help customers develop management information systems. Significant customer installations are in successful operation utilizing the full range of large-scale, medium-size and small-scale GE computers.

For international distribution, the Company offers GE-115 computers built by Olivetti-General Electric in Italy, GE-55's produced by Bull-General Electric in France and GE-400's made in the U.S. and Europe. During 1967, a number of GE-600 computer systems went into full operation, principally in the U.S.

Communications business increased profitably, led by expanded sales of microwave and two-way radio equipment. A new DigiNet® series of solid-state data sets was introduced, enabling customers to transmit computer data over standard communications channels.

In transportation systems, the Company won large orders for diesel-electric locomotives —among them an order for its 1,000th high-horsepower locomotive for U.S. railroads—and several orders for rapid transit equipment (see Communities, page 6). A completely automated rail transportation system, hauling coal for a Midwest utility customer, will use newly developed GE electric locomotives and control equipment. Trucks equipped with the Company's motorized-wheel drives won 1967 sales in Africa, Australia and South America.

Medical electronics business is being developed out of the Company's long-established role as a supplier of x-ray equipment. In 1967 the Company expanded its business in cardiac monitors for heart patients and announced its Explorex® image-enhancement systems to aid doctors in x-ray diagnosis of patients.

Construction materials sales, covering a product range from circuit breakers to water coolers, were slightly below 1966 levels. The late 1967 pick-up in construction activity, however, improved market prospects.

Manufacturing capacity was expanded for electrical cable, low-voltage distribution products and circuit protective devices.

The commercial cooking business sent one of its largest orders to sea aboard the aircraft carrier USS John F. Kennedy. Each of the ship's eight galleys uses GE cooking equipment.

Component product businesses stressed product innovations to help offset effects of slackened consumer demand. Sales were thus held to levels only moderately under last year's totals. Adding to sales were innovations in miniature d-c motors, new types of rechargeable batteries to power cordless appliances and a new "kit" for television manufacturers with which they can use four GE compactrons and one miniature tube to replace eleven tubes.

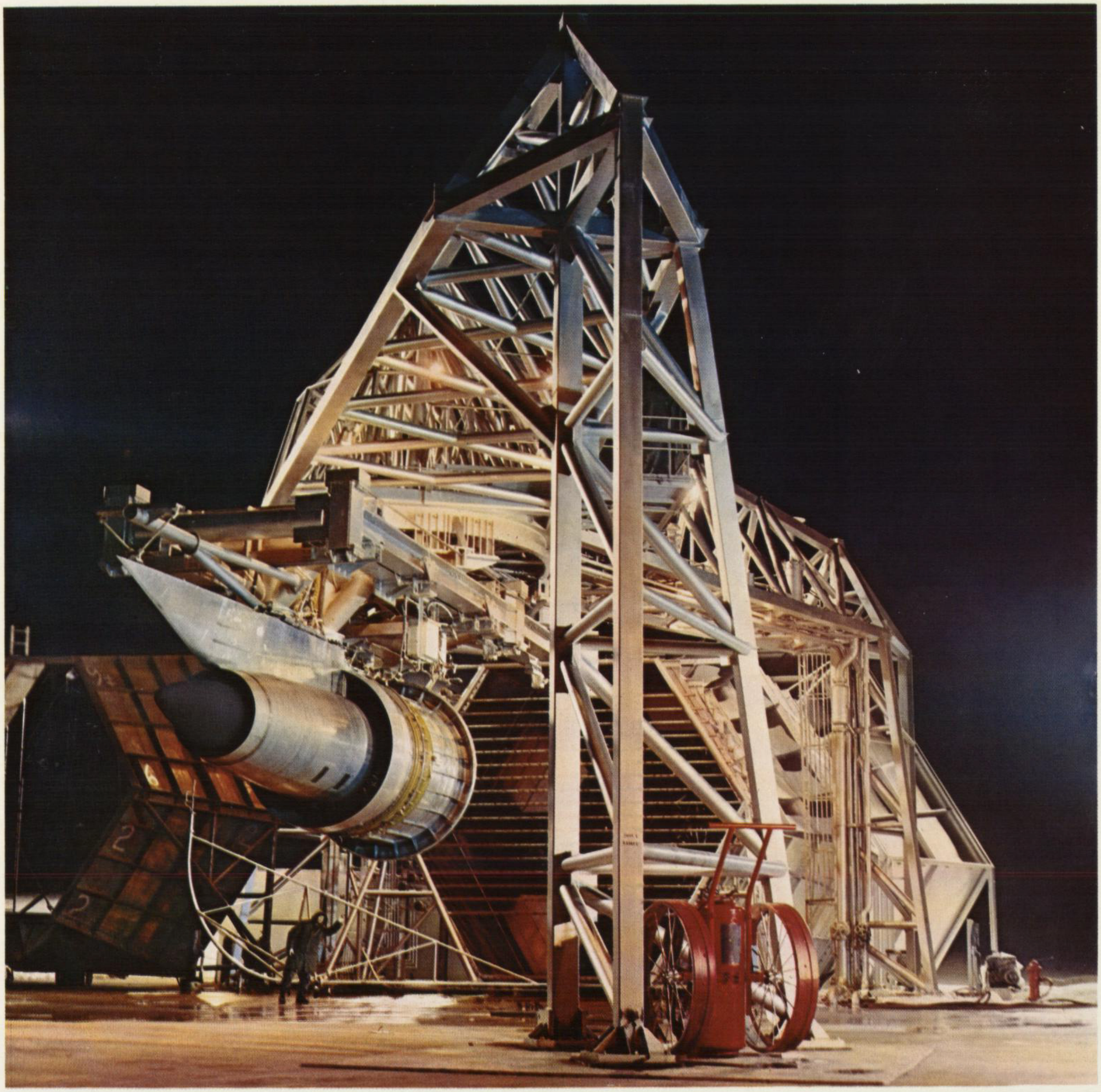
Fuel cell developments included a unit that will enable future Biosatellites to stay in space for 30 or more days.

The Man-Made® diamond business of General Electric is growing rapidly, and an additional plant has been acquired at Worthington, Ohio, to provide expansion space.

Chemical materials added new capacity in 1967. Commercial production of high-strength PPO® plastic began in a new facility at Selkirk, N.Y. Sales of Noryl®, a related new engineering plastic, have risen faster than any General Electric commercial plastic yet introduced. New manufacturing capacity was added to accommodate growth of the silicone chemicals business.

GE industrial service operations were expanded in 1967 to back up the Company's sales to industrial customers. Service Shops now total 64, employing 3,500 servicemen and technicians. Four new facilities specialize in instruments, controls and computer components. Installation and Service Engineering opened a customer-training center at Schenectady, N.Y.

GENERAL ELECTRIC



General Electric's TF39 turbofan jet engine (left), shown undergoing environmental tests, will power the world's largest airplane, the Air Force C-5A. Aboard a Polaris submarine (below), Company's fire control system feeds target information to missiles.

Electronics lead advances in aerospace and defense sales

General Electric's aerospace and defense businesses moved ahead in 1967, accounting for about 20% of total Company sales. While part of the gain resulted from stepped-up production of equipment to meet immediate needs of U.S. troops in Vietnam, by far the largest portion of this business remains based in long-term defense and aerospace programs which would not be affected by a cease-fire.

Leading the year's sales advance were increased deliveries of electronics equipment and military jet engines. Sales of space systems and services, however, fell below 1966 levels, reflecting the diversion of government dollars to more immediate military programs.

Although the Company's aerospace and defense operations improved their earnings performance in 1967, profit levels on these sales are typically below the Company's returns on commercial business. Thus the year's increased sales provided only limited improvement in General Electric's total earnings.

In aircraft engines, 1967 was a peak production year for four "workhorse" military power plants—the J85, T58, T64 and, most importantly, the J79. Deliveries of these engines are expected to begin tapering off in 1968. However, some of the slack will be taken up late in 1968 when the Company begins deliveries of TF39 turbofan engines for the Air Force C-5A transport and of turboshaft engines for the new high-firepower Army helicopter, known earlier as the Advanced Aerial Fire Support System, now called the AH-56A Cheyenne.

Additional flight propulsion developments involve important new concepts in military engines, including a small turbofan engine for the U.S. Navy's anti-submarine warfare aircraft, engines for the U.S. Air Force Direct Lift Demonstrator programs and a turbojet for low-cost, high-performance aircraft for international markets.

With the market for military engines not expected to grow over the long term, the industry sees its greatest growth potential in engines for commercial aircraft.

General Electric opened up a new opportunity in the commercial market when it won the government award to develop the engines for the U.S. supersonic transport. Work on the SST engine entered the prototype development phase during the year, aiming toward a flight by an SST prototype by the early '70's.

SST development will require a substantial investment of Company funds into the 1970's. As part of this program, a new high-altitude test facility at Evendale, Ohio, is being built for testing the engines—the world's most powerful turbojets—in their flight environment.

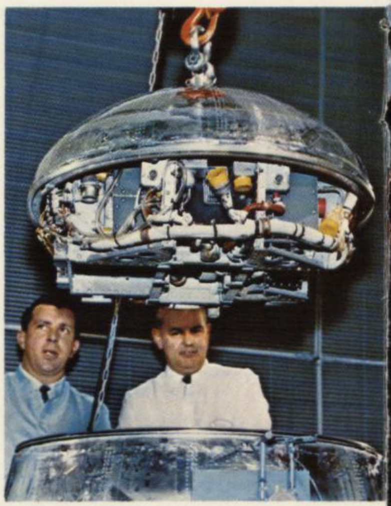
General Electric offered a new engine to commercial aviation, the CF6, designed to power the intermediate-range, high-capacity subsonic transports that airlines will begin to use in the early'70's. Total market for these engines promises to be as large as the SST market. General Electric's engine design is in competition with those of two other manufacturers.

The Company is supplying engines for other types of aircraft, including small engines for business jets and commercial helicopters. It is a leader in developing power plants for vertical and short take-off aircraft—a technology promising important future benefits to the commercial aviation industry.

Extensive research designed to achieve a reduction of the sound associated with jet engines is being carried out in the Company's aircraft engine laboratories.

Overall, these 1967 developments prepare General Electric for steadily strengthening its position in commercial flight propulsion.

Cockpit of F-111 (right) reflects variety of GE aircraft electronics, including attack radar, flight controls and computerized weapons controls. Engineers at the Company's re-entry systems operation begin study of Biosatellite II (below) after its successful two-day orbit.



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Defense electronics operations scored the highest percentage increase in sales in 1967 among the Company's aerospace and defense businesses. Orders received during the year point to further increases in 1968.

These rising sales result from stepped-up activity in major defense projects for the Air Force, Army and Navy:

- In support of the Navy's Fleet Ballistic Missile Program, General Electric is supplying the inertial guidance and fire control systems for the advanced Poseidon missile, successor to the Polaris systems now aboard Navy submarines.
- The Company also began deliveries to the Navy of the latest version of the long-range AN/SQS-26 sonar.
- Production of flight controls, computerized weapon controls, cockpit instrumentation, Vulcan guns and attack radar was increased in support of the F-111 fighter-bomber program as these planes enter military service.
- Production of rapid-fire Mini-guns developed by General Electric was expanded.
- Initial deliveries were also made of the sophisticated swiveling gunner's station developed for the Army Cheyenne helicopter.
- With its radio guidance, range safety and instrumentation systems, the Company has participated in more than 150 consecutive, successful missile and space launches, including all manned Gemini flights.

During the year the Department of Defense announced plans for deployment of the Sentinel anti-ballistic-missile system. As one of the major program contributors, General Electric will develop and supply the system's Perimeter Acquisition Radar.

General Electric's space work reflected divergent trends. Military space development, much of it classified for security reasons, showed increased volume. Company sales to the National Aeronautics and Space Administration, however, were below the level achieved in 1966.

Growth of the Company's work on the Manned Orbiting Laboratory for the Air Force has required construction of an additional multi-building complex at Valley Forge, Pa. General Electric is planning and developing the MOL experiments package.

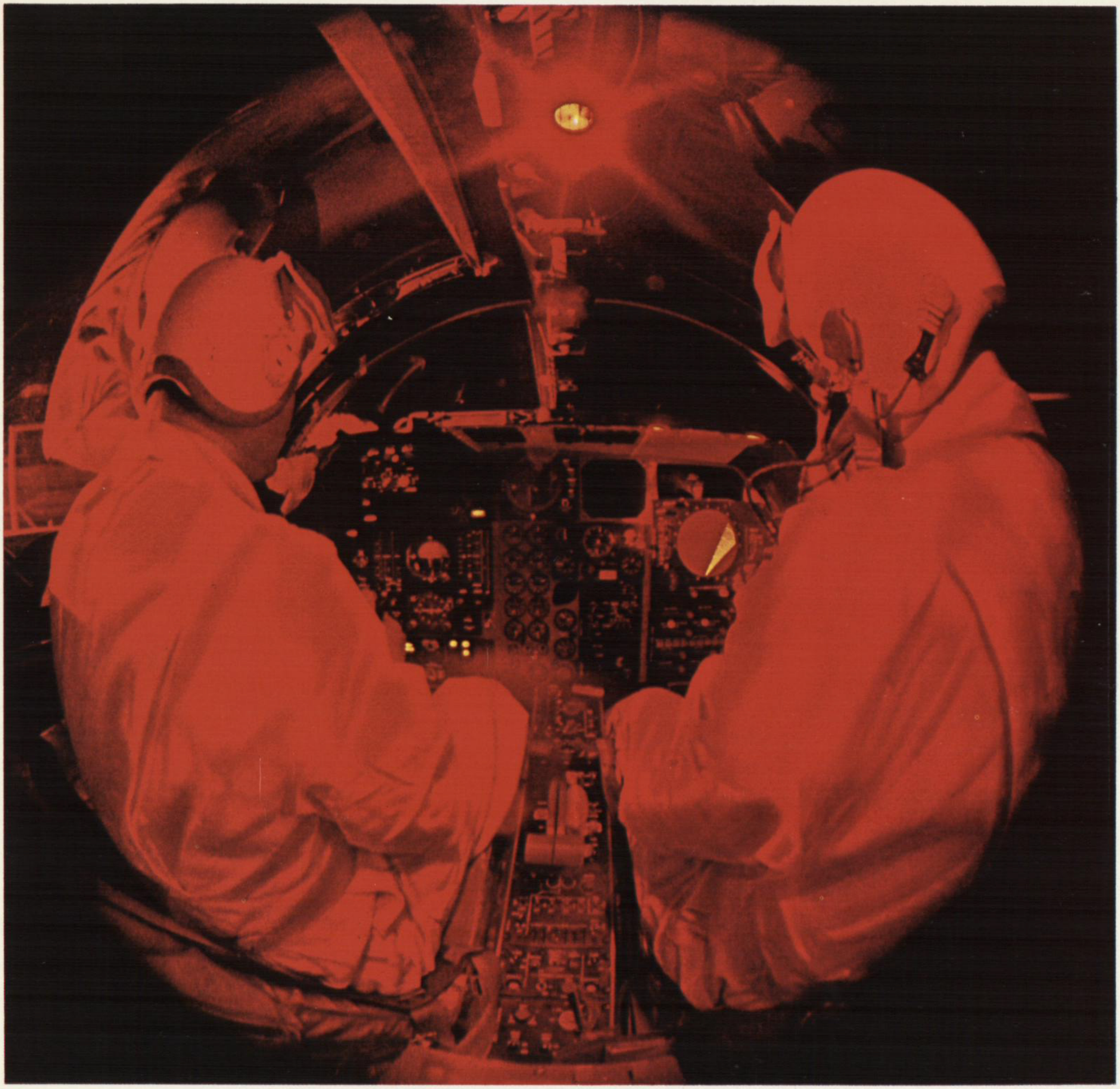
Two successes marked the Company's 1967 work on space satellites. The Nimbus II weather satellite continued its outstanding performance, functioning in orbit for 20 months as of the end of the year. The original objective was six months. An advanced Nimbus B is scheduled for 1968 launch.

The second notable satellite achievement during 1967 was the successful performance of Biosatellite II. Its two-day flight was important in studying the reactions of living organisms to exposure in space.

Re-entry systems, the Company's first major space assignment in 1955, remained an important activity as work progressed on the Mark 12 re-entry system for the Minuteman intercontinental ballistic missile.

As the Apollo program for a lunar landing enters its most dramatic phase of large-scale launches, the importance of checkout, reliability and integration engineering services and electronics systems provided by the Company becomes increasingly visible. GE capability demonstrated in these areas has led to similar work on other space projects. Performance on the Apollo program is expected to retain a key role for the Company in the nation's space effort, but until the U. S. sets new space goals beyond the lunar landing program, a leveling off of contracts for space work is expected.

The Company's space experts are using the interval to develop "spin-offs" by applying space technology to earthbound problems. One example is the development of a complex simulator for training nuclear power plant operators.



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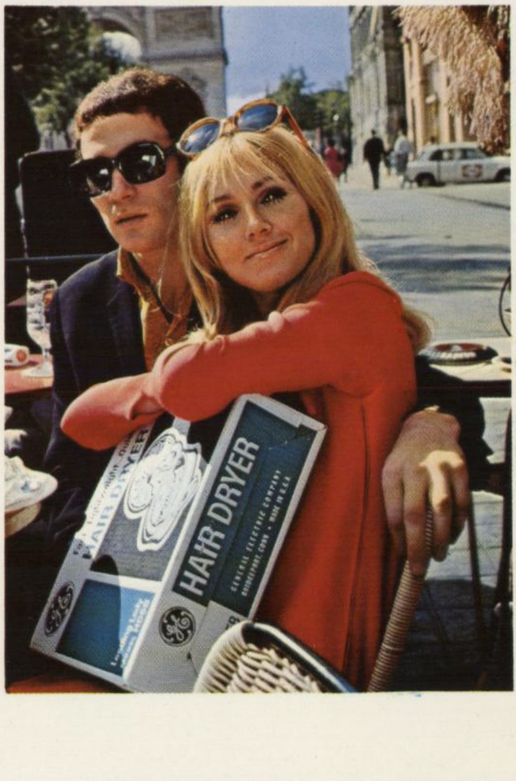

HAIR DRYER
HAIR DRYER
GENERAL ELECTRIC COMPANY

General Electric consumer goods are purchased and enjoyed by people all over the world. Increasingly, they are being manufactured by offshore affiliates to the tastes of local customers.

Consumer lines build for growth despite '67 sales leveling

After six consecutive record years, sales of General Electric consumer goods leveled off in 1967. All of the major areas, including appliances, consumer electronics, lamps and housewares were slightly below their 1966 volume.

The 1967 leveling, however, is expected to be only a pause in the growth of these businesses. With family formations rising, housing starts projected for increases and consumers continuing to enjoy record personal incomes, consumer goods markets present opportunities for a return to the growth patterns of recent years.

In anticipation, the Company is maintaining a high level of expenditure in expanding facilities. In spite of substantial capacity additions in recent years, Appliance Park in Louisville, Ky., required further expansion in 1967. Recent additions have increased the capacity of the room air conditioner plant by over 50%, and large capital investments have been made for the production of clothes washers and dryers. Hotpoint retooled a recently acquired plant in Bloomington, Ind., to manufacture refrigerators. A pilot-production line for manufacturing large-screen color television picture tubes at Syracuse, N.Y., was under construction during the year. It is due in operation in 1968.

Costs associated with these plant expansions were an important factor in limiting earnings from the Company's consumer goods business. And despite price increases in important product areas, price levels prevailing in the intensely competitive markets during much of the year did not offset sharply increased labor and material costs. The Company's index of selling prices for consumer products at the end of 1967 remained well below levels of the mid 1950's.

Major appliance business began slowly in 1967 due to the industry-wide need for inventory adjustments. However, sales began to pick up and, despite a cool summer with its effect on air-conditioning and refrigeration sales, returned to a high level at year end.

The Company introduced several product innovations and took further steps to improve product quality and after-sale service.

New models of the successful side-by-side refrigerator-freezers were offered both by General Electric and Hotpoint. Also, the Company began marketing a new design in GE drop-door portable dishwashers and, in selected market areas, introduced a new model of the Versatronic® range combining P-7 automatic oven cleaning with quick electronic cooking.

With color a critical factor in winning sales from fashion-conscious consumers, General Electric and Hotpoint brought out a new appliance color called "Harvest," designed to blend with the appointments of modern kitchens (photo, page 19). In addition, the Company has begun to market the industry's first line of room air conditioners in decorator colors.

Sophisticated new quality control equipment was added in a continuing program at Appliance Park to automatically check out appliance circuitry and components.

To strengthen after-sale product service, the Company began combining separate General Electric and Hotpoint service facilities into larger, more efficient service organizations. The two brands will, however, continue to be marketed through separate sales organizations and to compete vigorously for consumer favor.

The Company's sales to home builders, which generally lag housing starts, benefited slightly from the 1967 upturn. Many of the year's major all-electric home developments were completely equipped with GE products. Several new developments have installed General Electric's Versatronic ranges as original equipment.

(continued from page 17)

In consumer electronics, 1967 was a mixed year for General Electric. Some lines—notably tape recorders, youth electronics products, portable record players, color television broadcast equipment and closed-circuit television—experienced strong sales growth.

Industry-wide, sales of monochrome television receivers were below 1966 volume, and sales of color TV sets did not rise as much as anticipated. General Electric sales were affected by both trends. Facilities investments are bringing a greater degree of vertical integration in color TV manufacture. When completed, these investments will improve cost performance and quality control in this business.

During 1967, TV operations were confronted with a special problem. Engineers at the Syracuse, N. Y., facility detected downward radiation leakage from some large-screen color receivers. The Company notified the Public Health Service, corrected the situation in production, located models that had already been sold and made modifications in the field. General Electric will continue to support studies of television radiation being conducted by the Public Health Service.

GE product innovations include plans for introducing a 14-inch color portable, supplementing the Porta Color® 10-inch sets, and marketing a wide range of video tape recorder products for business and educational markets.

Sales of General Electric lamps in 1967 were almost even with their 1966 record, aided by a strong rise in photolamp business. The leveling in sales growth resulted from inventory adjustments, lower sales to auto manufacturers and sluggish construction markets.

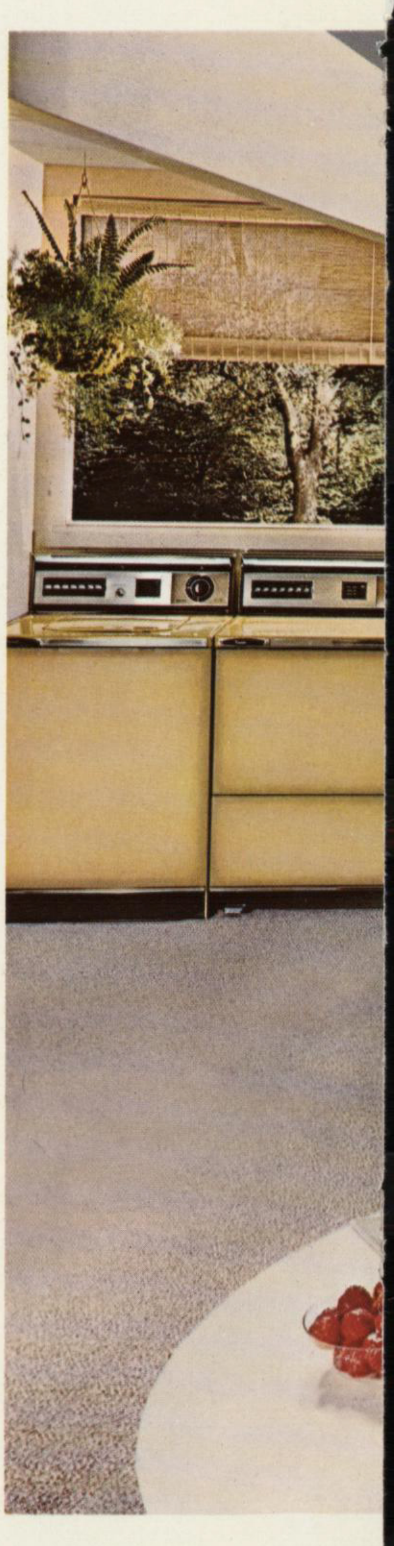
Long range, the outlook for lighting products is favored by the projected catch-up in housing starts and by the trend to higher footcandle levels in commerce and industry. The market is also broadening for electrical space conditioning, in which lamp heat from high lighting levels is recycled to provide all or part of the building's winter space-heating needs and is exhausted for cooling purposes during the summer.

Lamp departments are boosting sales through product innovations. New items include motion picture and slide projection lamps with built-in optical systems and solid-state lamps for aerospace and computer use. Lamp components businesses, originally formed to supply glass, metal and parts for GE lamps, are building businesses with outside customers. Recent examples: the world's largest fused-quartz telescopic mirror blank, refractory metals for space, defense and ferrous diecasting applications, and special phosphors that produce a brighter image on color TV picture tubes.

Housewares operations in 1967 emphasized product innovations to bolster sales. During the year these businesses introduced a wide variety of new models and three new product lines: electrical garden tools and two personal care lines—hair curlers and massagers.

General Electric's separate line of housewares, Universal by General Electric, achieved higher sales and expanded its retail outlets by almost a third. Key product lines were redesigned and restyled.

Overseas, General Electric's consumer products businesses have established bases for serving national and regional markets. The major drive in 1967 was to further coordinate the operations of the varied offshore affiliates. Porta Color TV sets manufactured in Italy, for example, were added to the line of color receivers marketed by Kuba GmbH, the West German affiliate. A newly designed line of electric clocks helped ESGE GmbH of Germany to reach record sales. The Company's appliance operations in Australia also improved results. In cooperation with a Japanese firm, manufacture of air conditioners for the Asian market was begun.



General Electric and Hotpoint appliances are being offered in a new color, "Harvest," supplementing the fashionable Avocado and Coppertone colors which are marketed in addition to white.

All Company operations are served by work at the Research and Development Center (top right) and by advanced production processes from the Manufacturing Laboratory (top left). Also shown (bottom row): examples of development work by operating departments in the U. S. and offshore.

Research and development—focus of 18,000 GE people

General Electric continued in 1967 to conduct one of industry's broadest and most diverse programs of research and development.

The Company's emphasis on this principal source of new business growth is indicated by the numbers of highly trained employees doing work in research, development and engineering. This total, over 18,000 employees throughout the Company in 1967, included some 1,200 who hold doctoral degrees.

General Electric also made further investments in development facilities. It opened a new Materials Technology Laboratory in Pittsfield, Mass., which coordinates in one central place the developmental work previously done in 14 different locations. Also significant in 1967 was the establishment of an Integrated Circuits Center at Syracuse, N.Y., which will centralize work in microelectronics as part of the Company's Research and Development Center.

The examples pictured on the opposite page represent General Electric's worldwide efforts to generate innovations which will bring new and improved product values.

Shown at top are two laboratories serving on a Company-wide basis.

The Research and Development Center is a centralized group of laboratories where 650 technical graduates and 1,100 supporting personnel conduct advanced studies in today's major scientific fields. Representative of its work is the 1967 announcement of "Metalliding" pictured top right. Metalliding is a new process developed by Dr. Newell C. Cook for producing metal alloy surfaces approaching the hardness of diamonds.

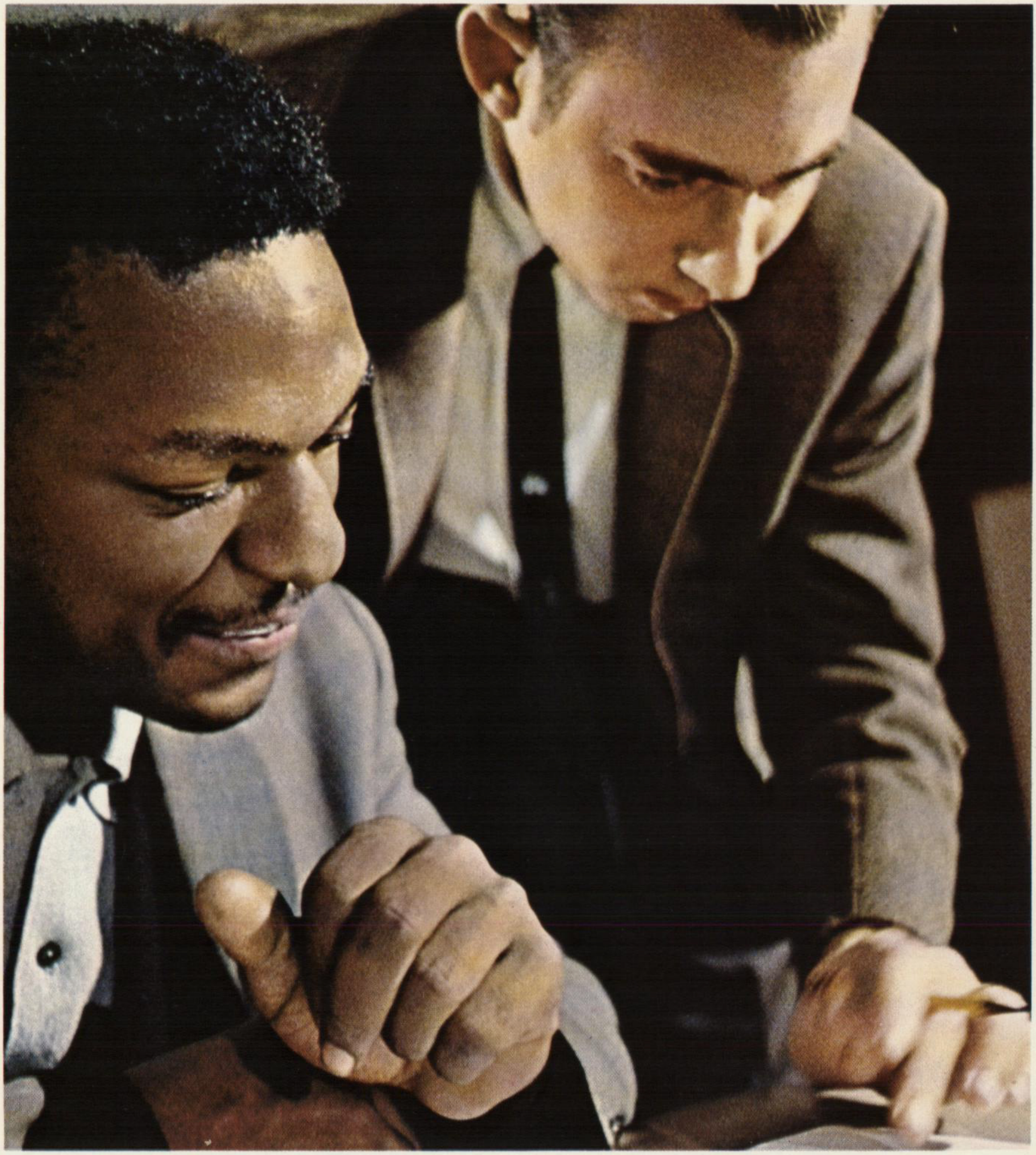
The Manufacturing Laboratory is engaged in developing advanced manufacturing processes, equipment and computer software systems. Sophisticated equipment for automatic tests of color TV tubes, shown at top left, installed at the Company's Electronics Park in Syracuse, N. Y., was an important 1967 development.

In addition to these Company-wide laboratories, General Electric conducts advanced developmental work at more than 100 product laboratories in the U.S. and overseas. Three examples are pictured:

- Work on better materials for jet engines, headed by John W. Blanton, general manager of the Advanced Component Technology Department (bottom left).
- Development of advanced circuitry for application in the Company's information systems, headed by scientists of Bull-General Electric in Paris, France (bottom center).
- Experiments at the new Materials Technology Laboratory, serving the power distribution and 20 other GE businesses (bottom right).

Other examples, reflecting the diverse nature of GE research programs, include:

- Project Ultra-High Voltage, a GE experimental power transmission facility operating under contract to the nation's electric utilities, to develop transmission lines capable of carrying power levels four times today's maximums.
- New uses of numerical controls, developed by Specialty Control Department, such as automatic cutting of auto window glass.
- "People movers"—lightweight vehicles propelled along a fixed track with the aid of GE gear motors developed for Disneyland by component products operations. The Company sees potential for such products for airports, train stations and other mass transport centers.
- Components for possible electric-automobile applications, being developed both by the Research and Development Center and by the Company's battery products operation.



Employee educational opportunities include basic high school subjects leading to a diploma (left), courses in finance and engineering, and on-the-job training programs (below).

Employees make use of broad range of training opportunities

Opportunities for individuals to develop their talents, skills and professional abilities to the fullest extent possible are emphasized at General Electric. The Company's estimate is that each year about one employee in eight has engaged in some job-related training, taken formal Company courses in his field or attended college classes under the Tuition Refund Plan.

Courses range from basic high school subjects, taught at Company facilities where many workers are drawn from disadvantaged neighborhoods, to programs enabling employees to work toward their engineering doctorates. Within this range are on-the-job training courses in operation and maintenance of advanced machine tools, electronics assembly, drafting and other production skills, as well as formal Company-conducted programs in advertising and public relations, employee relations, engineering, finance, manufacturing, marketing and sales finance. Courses in professional management on several levels are offered at the Company's Management Development Institute.

Educational programs abroad are being expanded to provide opportunities for employees in offshore operations. Basic Company manuals and courses have been translated into other languages. Business seminars have been held for employees of overseas affiliates.

Shown at left are examples of current General Electric educational programs:

- At "Hotpoint High," (photo, page 22) Chicago employees can earn high school diplomas in after-hours classroom sessions.
- Financial Management Program courses (offered in 15 countries) are translated into Spanish for Mexican affiliate employees (top).
- The Company's varied engineering study programs include the Modern Engineering Course, helping seasoned employees to update their knowledge, and the Advanced Course in Engineering (center) which, in 1967, enabled four employees to receive doctoral degrees.
- On-the-job courses at the Evendale, Ohio, jet engine facilities include training in machine-tool maintenance (bottom).

General Electric worldwide employment averaged over 375,000 men and women during 1967. Of these, an average of over 296,000 were employed in the U.S.

Late in the year, U.S. hourly and most non-exempt salaried employees received the second of three pay increases under the three-year program negotiated in 1966. The 1967 increase included a 3% rise in wage rates, plus a 1% cost-of-living adjustment under terms that vary this increase according to rises in living costs. In addition, employees' pension benefits were greatly improved beginning January 1, 1967.

The three-year program also involved improvements in other major elements of the benefits package, including better insurance protection and increased holiday and vacation time. These programs help to keep the Company's job opportunities competitively attractive to highly qualified people.

Notable during 1967 was the greater range of options offered by the Savings and Security Program. Employees may now elect to invest their savings in insurance or in a mutual fund as well as in Company stock and government bonds. In addition, they may withdraw their funds without penalty under certain conditions.

During the year, General Electric employees implemented a Company-wide program to reduce costs and translate a greater part of sales improvement into earnings. Under the theme, "Go for Improvement," they turned in a record number of suggestions and initiated new programs to realize greater operating efficiencies.

Directors review flight propulsion, information systems businesses

In addition to 11 Board meetings and numerous committee sessions, General Electric's Directors held two business reviews in 1967, attended the Share Owners Meeting in April and took part in a special Information Meeting held in October.

The Directors' business reviews covered information systems operations and the aircraft engine business (pictured above).

The Information Meeting was initiated as a supplement to the April meeting, providing an additional channel of communication with share owners. Because full time could be devoted to a review of business operations and share owner questions, it enjoyed a new depth of response on the part of those attending.

Of 18 members of the General Electric Board, only two are officers of the Company. Average age of Board members is 57.1 years as of February 21, 1968. Average service is 9.4 years.

J. PAUL AUSTIN, President and Director, The Coca-Cola Company, Atlanta, Ga. A Director for 4 years.

FRED J. BORCH, President and Chief Executive Officer, General Electric Company, New York City. A Director for 6 years.

FREDERICK B. DENT, President and Director, Mayfair Mills, Arcadia, S.C. A Director for 2 years.

THOMAS S. GATES, Chairman of the Board and Director, Morgan Guaranty Trust Company of New York, New York City. A Director for 3 years.

EDWIN D. HARRISON, President, Georgia Institute of Technology, Atlanta, Ga. A Director for 6 years.

FREDERICK L. HOVDE, President, Purdue University, Lafayette, Ind. A Director for 12 years.

GILBERT W. HUMPHREY, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. A Director for 13 years.

JOHN E. LAWRENCE, Partner, James Lawrence & Co., Boston, Mass. A Director for 11 years.

RALPH LAZARUS, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. A Director for 5 years.

EDMUND W. LITTLEFIELD, President, General Manager and Director, Utah Construction & Mining Company, San Francisco, Calif. A Director for 4 years.

GEORGE H. LOVE, Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pa. A Director for 18 years.

NEIL H. McELROY, Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio. A Director for 16 years.

DEAN A. McGEE, Chairman of the Board and Director, Kerr-McGee Corporation, Oklahoma City, Okla. A Director for 6 years.

HENRY S. MORGAN, Partner, Morgan Stanley & Co., New York City. A Director for 28 years.

GERALD L. PHILLIPPE, Chairman of the Board, General Electric Company, New York City. A Director for 7 years.

GILBERT H. SCRIBNER, JR., President and Director, Scribner & Co., Chicago, Ill. A Director for 5 years.

ROBERT T. STEVENS, President and Director, J. P. Stevens & Co., Inc., New York City. A Director for 18 years.

WALTER B. WRISTON, President, First National City Bank, New York City. A Director for 6 years.

Company realigns organization to manage growth

The first major change in General Electric's organizational structure in sixteen years provides greater top-management depth and flexibility to cope with expanding markets and the increased volume of business.

One key aspect of the reorganization, effective January 1, 1968, was the establishment of the President's Office (photo, page 3) to include the President, Chairman of the Board and three new Executive Vice Presidents. This Office will be involved in Company-wide commitments and policies that will have both short and long-term impact on General Electric's worldwide business.

At the same time the number of operating Groups was doubled, from five to ten. The former top-executive team was felt to be too small to provide the leadership needed for the Company's projected future growth. This expansion at the Group level is being implemented by increasing the components at the Division level from 29 to 46 and by the formation of some 40 new product Departments.

Earlier, the Company's International Group was dissolved and its component Divisions assigned to other Groups—a change which recognizes the need for each business operation to have worldwide responsibility for its product lines. This change brings a closer coordination of domestic and overseas operations and will promote an interchange of personnel that will stimulate the development of General Electric people worldwide.

In the Company's decentralized organization, each of General Electric's Division General Managers is responsible for the profitability and planning of a major sector of the Company's business. Because of their key role in the growth of the Company's sales and earnings, the managers within each of the ten new Groups are pictured on the following two pages with the Group Executives to whom they report.

Vice Presidents—Corporate Functional Components: *(left to right) Arthur M. Bueche, Research and Development (seated); Virgil B. Day, Personnel and Industrial Relations; Robert M. Estes, Legal; Oscar L. Dunn, Marketing and Public Relations; Roy L. Johnson, Management Manpower Development; John D. Lockton, Treasurer; Halbert B. Miller, Manufacturing; John B. McKitterick, Corporate Planning; Robert E. Pfenning, Comptroller; and James F. Young, Engineering (seated).*

Vice Presidents—Group Executives: *(left to right) Hershner Cross, Industrial (seated); W. D. Dance, Appliance and Television; Hubert W. Gouldthorpe, Power Generation; Reginald H. Jones, Construction Industries; Robert W. Lewis, Power Transmission and Distribution; Gerhard Neumann, Aircraft Engine; Hilliard W. Paige, Aerospace; Charles E. Reed, Components and Materials; Donald D. Scarff, Consumer Products (seated); and J. Stanford Smith, Information Systems. Seated at right: James H. Goss, Vice Pres., Consultant to the President.*

New operating Groups highlight Company's realigned management organization

Aerospace Group: *Mr. Paige (right) with Division General Managers (left to right) Roy H. Beaton, Electronic Systems; L. Berkley Davis, Vice Pres., Defense Programs; Charles W. George, Aircraft Equipment; and Mark Morton, Missile and Space.*

Aircraft Engine Group: *Mr. Neumann (left) with Division General Managers Fred W. Garry, Aircraft Engine Technical; Edward E. Hood, Jr., Commercial Engine; Fred O. MacFee, Jr., Aircraft Engine Operating; Ramond E. Small, Aircraft Engine Support and Service; and Edward Woll, Military Engine.*

Appliance and Television Group: *Mr. Dance (seated, left) with Division General Managers Joseph H. Gauss, Refrigeration and Air Conditioning; Stanley C. Gault, Deputy Division General Manager, Refrigeration; Irving L. Griffin, Television; Donald W. Lynch, Kitchen Appliance and Home Laundry; Arthur E. Andres, Deputy Division General Manager, Home Laundry; Lester E. Pankonin, Distribution Finance and Service; and Edward L. Stehle, Appliance and Television Sales.*

Components and Materials Group: *Dr. Reed (left) with Division General Managers John T. Castles, Industry Components and Metallurgical; Reuben Gutoff, Chemical and Medical; Fred H. Holt, Appliance Components; and Leonard C. Maier, Jr., Electronic Components.*

Construction Industries Group: *Mr. Jones (left) with Division General Managers George T. Bogard, Community Development; Ralph B. Glotzbach, Vice Pres., General Electric Supply Company; Robert B. Kurtz, Contractor Equipment; Carl W. Moeller, Vice Pres., Construction Materials; and J. Russell Mudge, Vice Pres., Area Division—Far East. Mr. Jones is also responsible for the Company's interest in Canadian General Electric Co., Ltd:* J. Herbert Smith, Pres. (seated, right); Walter G. Ward, Exec. Vice Pres. (standing, right).*

Consumer Products Group: *Mr. Scarff (right) with Division General Managers (left to right) Robert V. Corning, Lamp; Donald E. Perry, Consumer Electronics; Willard H. Sahloff, Vice Pres., Housewares; and Russell E. Whitmyer, Vice Pres., Area Division—Latin America. Mr. Scarff is also responsible for the Company's interest in General Electric Credit Corp:* Charles G. Klock, Pres. (standing, right).*

Industrial Group: *Mr. Cross (seated, left) with Division General Managers S. Wellford Corbin, Vice Pres., Industrial Sales; Harry P. Gough, Vice Pres., Area Division—Europe; Louis T. Rader, Vice Pres., Industrial Process Control; Howard D. Kurt, Deputy Division General Manager, Process Measurement and Control; Robert C. Wilson, Vice Pres., Industrial Drives; and Bryce W. Wyman, Vice Pres., Transportation Systems.*

Information Systems Group: *Mr. Smith (left) with Division General Managers Jerome T. Coe, Information Services; John W. Haanstra, Advanced Development and Resources Planning; Louis E. Wengert, Information Systems Equipment; Arthur E. Peltosalo, International Information Systems; and Verner S. Cooper, Deputy Division General Manager, Information Systems Sales and Service (seated).*

Power Generation Group: *Mr. Gouldthorpe (left) with Division General Managers Donald E. Craig, Vice Pres., Large Steam Turbine-Generator; Milton F. Kent, Vice Pres., Power Generation Sales; A. Eugene Schubert, Vice Pres., Nuclear Energy; Hoyt P. Steele, Vice Pres., IGE Export; and Clement E. Sutton, Jr., Industrial and Marine Power Generation.*

Power Transmission and Distribution Group: *Mr. Lewis (right) with Division General Managers (left to right) Robert B. Ames, Power Transmission; Christy W. Bell, Power Protection and Conversion; Charles J. Meloun, Power Distribution; and William R. Tackaberry, Power Transmission and Distribution Sales.*

U.S. Regional Vice Presidents: *John R. Casey, Mid-States (seated, left); Thomas K. Edenfield, Southeastern; William B. Frogue, Southwestern; George L. Irvine, Central; Harry M. Lawson, Western; Charles J. Miller, East Central; F. Charles Ruling, Atlantic; and John A. Spencer, Northeastern. Seated at right: Steven C. Van Voorhis, Commercial Vice Pres., and Laurence I. Wood, Vice Pres., Washington Relations.*

**Affiliate of General Electric*

1967 Financial Summary

This summary comments on significant items in the financial statements on pages 29 and 30, generally in the same order as they appear in those statements. The accounting principles followed with respect to certain items appear throughout this summary in italics.

Basis of consolidation. *The financial statements and accompanying schedules in this report include a consolidation of the accounts of the parent — General Electric Company — and those of all majority-owned affiliates (except sales finance affiliates). All significant intercompany items have been eliminated.*

Except for fixed assets and accumulated depreciation relating thereto, assets and liabilities of foreign affiliates have been translated into U. S. dollars at year-end exchange rates, and income and expense items have been translated at average rates prevailing during the year. Fixed assets and accumulated depreciation have been translated at rates in effect at dates of acquisition of the assets.

Net earnings *include those of sales finance affiliates and the consolidated group's share of earnings of those companies which were not consolidated but in which the group owned approximately 50% of the voting stock.*

In 1967, net earnings amounted to $361.4 million or $4.01 a share, an increase of 7% from the prior year's earnings of $338.9 million or $3.75 a share. Factors affecting 1967 earnings are discussed in the Comments by the President and Chairman on pages 2 and 3.

Sales of products and services *are reported in operating results as title to products and materials passes to the customer and as services are performed as contracted.*

Sales of products and services to customers totaled $7,741.2 million in 1967, an increase of 8% over the prior year. Sales in each of the Company's four major product categories are shown on page 3. Products and services are discussed on pages 4 through 19 of this Report.

Net earnings of General Electric Credit Corporation, a wholly-owned nonconsolidated sales finance affiliate, amounted to $13.8 million in 1967, an increase of 22% over 1966. The Credit Corporation's volume of financing declined by 2% in 1967 to $1,477.9 million.

The Credit Corporation's receivables less deferred income rose to $1,359.4 million at December 31, 1967. They consisted of $978.8 million in consumer time-sale and loan accounts, $360.2 million in commercial and industrial time-sale, loan and lease accounts, $114.4 million in inventory financing accounts, $47.3 million in Medallion home financing accounts and $17.7 million in foreign and other receivables, offset by $159.0 million of deferred income. Financial statements for the Credit Corporation are shown on page 34.

Other income includes income from marketable securities and miscellaneous investments, interest from customers and income arising from agreements for use of Company patents and know-how. In 1967, other income included receipt of $10.8 million, net of tax, recovered under the War Claims Act of 1948, for World War II losses incurred primarily in Europe.

Costs are classified in the consolidated statement of current earnings according to the principal types of costs incurred. Costs, classified as they were deducted from income, are shown above to the right.

Employee compensation, including the Company cost of employee benefits, rose to a record $3,081.7 million in 1967.

General Electric and its affiliates have a number of pension plans, and provisions made during 1967 for the cost of such plans aggregated $59.7 million. Substantially all employees in the United States who have completed one year of service are participating in the General Electric Pension Plan, the accrued cost of which is funded through the General Electric Pension Trust. Company contributions to this Trust for 1967 were $55.6 million. Statements appear at right.

In determining contributions to the Pension Trust during the past several years, the esti-

(continued on page 31)

Costs *(In millions)*

	1967	1966
Cost of goods sold	$5,779.4	$5,311.0
Selling, general and administrative expenses	1,320.9	1,234.3
Interest and other financial charges	62.9	39.9
Income taxes and renegotiation	320.5	347.4
	$7,483.7	$6,932.6

General Electric Pension Trust Operating Statement *(In millions)*

	1967	1966
Total assets—Jan. 1	$1,415.3	$1,350.4
Plus:		
Company contributions	55.6	32.1
Employee contributions	14.7	12.3
Investment income	74.3	71.0
Unrealized appreciation recognized	29.8	–
	1,589.7	1,465.8
Less pensions paid	– 66.4	– 50.5
Total assets—Dec. 31	$1,523.3	$1,415.3

Financial Position—Dec. 31

	1967	1966
Investments at cost	$1,463.4	$1,398.4
Unrealized appreciation recognized	29.8	–
Other assets—net	30.1	16.9
Total assets	$1,523.3	$1,415.3
Liability to pensioners	$ 462.5	$ 376.7
Reserve for pensions to participants not yet retired	1,060.8	1,038.6
Liabilities and reserves	$1,523.3	$1,415.3

Market value of investments was $1,959.0 million on December 31, 1967.

Consolidated Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates

For the year	1967	1966
Income		
Sales of products and services to customers	$7,741,233,479	$7,177,255,730
Net earnings of General Electric Credit Corporation	13,781,479	11,255,868
Other income	77,607,462	61,170,636
	7,832,622,420	7,249,682,234
Costs		
Employee compensation, including benefits	3,081,694,948	2,930,317,936
Materials, supplies, services and other costs	3,694,328,879	3,701,704,815
Depreciation	280,418,026	233,626,613
Taxes, except those on income	69,592,242	61,710,712
Interest and other financial charges	62,874,238	39,927,599
Provision for income taxes and renegotiation	320,522,290	347,437,763
Decrease or increase (–) in inventories during year	22,302,274	– 336,023,820
Less employee compensation directly reimbursed by Atomic Energy Commission	– 48,039,500	– 46,103,412
	7,483,693,397	6,932,598,206
Earnings before interest of other share owners	348,929,023	317,084,028
Interest of other share owners in net results of affiliates	12,459,879	21,777,253
Net earnings applicable to common stock	361,388,902	338,861,281
Dividends declared	– 234,189,309	– 234,565,705
Amount added to retained earnings	127,199,593	104,295,576
Retained earnings at January 1	1,488,719,980	1,384,424,404
Retained earnings at December 31	$1,615,919,573	$1,488,719,980
Net earnings per share	$4.01	$3.75
Dividends declared per share	$2.60	$2.60
Dividends paid per share	$2.60	$2.60

The Financial Summary beginning on page 28 is an integral part of this statement.

Consolidated Statement of Financial Position

General Electric Company and consolidated affiliates

December 31	1967	1966
Assets		
Cash on hand and in banks	$ 240,324,411	$ 228,298,218
Marketable securities	96,793,559	100,282,193
Receivables	1,419,859,436	1,211,442,074
Inventories	1,450,654,651	1,472,956,925
Current assets	3,207,632,057	3,012,979,410
Investments and advances	347,908,564	328,297,959
Plant and equipment—less accumulated depreciation	1,495,019,399	1,259,335,891
Other assets	296,628,929	251,104,258
Total Assets	$5,347,188,949	$4,851,717,518
Liabilities and equity		
Short-term borrowings	$ 266,933,231	$ 286,336,421
Accounts payable	425,003,185	401,469,744
Progress collections and price adjustments accrued	446,961,546	414,544,692
Dividends payable	58,494,010	58,501,703
Taxes accrued	255,330,239	271,250,556
Other costs and expenses accrued	524,644,368	451,076,107
Current liabilities	1,977,366,579	1,883,179,223
Long-term borrowings	724,090,767	476,530,246
Other liabilities	156,183,005	157,614,253
Miscellaneous reserves	109,332,257	78,131,301
Total liabilities	2,966,972,608	2,595,455,023
Interest of other share owners in equity of affiliates	38,037,043	44,530,929
Preferred stock (2,000,000 shares authorized; none issued)	—	—
Common stock (issued shares, $5 par value per share)	456,532,755	456,098,725
Amounts received for stock in excess of par value	269,726,970	266,912,861
Retained earnings	1,615,919,573	1,488,719,980
Share owners' equity	2,342,179,298	2,211,731,566
Total liabilities and equity	$5,347,188,949	$4,851,717,518

The Financial Summary beginning on page 28 is an integral part of this statement.

Provision for Income Taxes and Renegotiation

(In millions)

	1967	1966
U.S. Federal income taxes:		
Estimated amount payable	$276.2	$292.8
Effect of timing differences	0.5	2.4
Investment credit deferred—net	8.6	9.7
	285.3	304.9
Other income taxes and renegotiation	35.2	42.5
	$320.5	$347.4

(continued from page 28)

mated rate of future earnings on Trust assets has been adjusted from time to time to recognize improvements which have occurred in those earnings. Effective January 1, 1967, a new funding program was adopted which assumes a 6.0% rate of future earnings. This rate was based on the Trust's current and projected investment experience and contemplates the systematic recognition of a portion of the unrealized appreciation in the common stock portfolio, which it is conservatively estimated will be available for the payment of pension benefits. In no event, however, will appreciation be recognized if the resulting book value of equity securities will be greater than 75% of their average market value.

The actual earnings of the Trust for 1967, including the programmed recognition of appreciation occurring subsequent to 1966, were equal to 6.1% of book value of the portfolio.

Unfunded liabilities of the General Electric Pension Plan are being amortized over a 20-year period and are estimated to be $42.1 million at December 31, 1967.

Had the actuarial assumptions and procedures which were in effect for 1966 been continued in 1967, including the program followed during the past several years of gradually increasing the estimated rate of future earnings on Trust assets to recognize the improvement in those earnings, the contribution to the Trust would have been about the same as that actually made for 1967.

Depreciation amounted to $280.4 million in 1967 compared with $233.6 million in 1966.

Depreciation applicable to U.S. assets is computed, for statement purposes, using a straight line method on equipment acquired prior to 1961. Depreciation on equipment acquired subsequently is generally computed using a decreasing charge method based principally on a sum-of-the-years digits formula. In certain instances where equipment may be subject to abnormal economic conditions or obsolescence, special amortization is provided.

Taxes, except those on income, amounted to $69.6 million in 1967, compared with $61.7 million in 1966. These taxes are mainly franchise and property taxes and exclude social security taxes (included with employee benefits).

Interest and other financial charges increased to $62.9 million in 1967 from $39.9 million in the previous year. This increase was attributable to increased borrowings which were needed for general corporate purposes and to provide funds for expansion and improvement of facilities throughout the world.

Provision for income taxes and renegotiation amounted to $320.5 million in 1967. Details of this amount are shown in the tabulation in the left margin.

Provision for U.S. Federal income taxes for 1967 has been calculated in accordance with the recent recommendation of the American Institute of Certified Public Accountants that it be based on the income and costs included in the earnings statement shown on page 29 rather than on those to be included in the tax returns to be filed for the year 1967. It had been the Company's practice to include in the provision for U.S. income taxes amounts for taxes payable in the future when tax depreciation, currently higher than book depreciation, will be lower than book depreciation, and when installment receivables are collected. This practice of recognizing the effect of current transactions on future tax payments is now being extended to cover all material differences between statement and taxable income. The additional differences relate primarily to provision for liability for costs and expenses not recognized for tax purposes until expenditures are made.

Federal income taxes to be paid on undistributed earnings of foreign affiliates upon their transfer to the parent Company are believed not to be significant.

The U.S. Federal income tax returns of the parent Company are settled through 1959.

The investment credit is being carried in other liabilities and added to income over the life of the underlying facilities.

The investment credit amounted to $14.3

(continued from page 31)

million in 1967, compared with $13.9 million last year. In 1967, $5.7 million was added to income for amortization of the investment credit, compared with $4.2 million in 1966.

Renegotiation represents a net provision for that portion of earnings on sales to the U.S. Government which may later be claimed by the Government.

Total taxes—including income, franchise and property taxes—and renegotiation were $390.1 million or $4.33 a share in 1967, 32 cents more than net earnings of the Company for the year.

Interest of other share owners in net results of affiliates represents the interest of other owners in the net earnings and losses of consolidated affiliates not wholly owned by General Electric. In 1967, the consolidated affiliates in which other share owners had substantial holdings were generally those incurring losses.

Variances in this account between periods result not only from changes in the affiliates' earnings but also from changes in the Company's percent of ownership in these affiliates. As a result of additional investment during 1967 in Compagnie Bull General Electric and Societe Industrielle Bull General Electric, the interest of other share owners in the operating results of these companies correspondingly decreased.

Cash and marketable securities amounted to $337.1 million at the end of 1967, an increase of $8.5 million during the year. This compares with a decrease of $314.5 million in 1966. *Marketable securities were carried at the lower of amortized cost or market value.* Carrying value was substantially the same as market value.

A summary of the application and source of funds is shown in the right margin.

Receivables, less reserve, totaled $1,419.9 million at December 31, 1967, an increase of $208.4 million or 17% over the balance at December 31, 1966. The higher level of receivables resulted mainly from the substantial increase in the volume of business during the year.

Reserve for receivables amounted to $44.1 million at December 31, 1967, and $39.7 million at the close of 1966.

Long-term receivables less reserve are reported in other assets.

Inventories *were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits. Substantially all inventories in the United States were valued on a last-in, first-out (LIFO) basis. Inventories outside of the U.S. were valued generally on a first-in, first-out (FIFO) basis.*

At the end of 1967, inventories including raw materials, items in process of manufacture and products ready for sale totaled $1,450.7 million compared with $1,473.0 million a year ago. Carrying value was not in excess of market.

Investments and advances amounted to $347.9 million at the end of 1967, an increase of $19.6 million during the year, and consisted of:

- Investment in General Electric Credit Corporation, carried at equity plus advances, amounted to $140.7 million at the end of 1967. The increase of $17.9 million in this investment during 1967 represented the Credit Corporation's net earnings of $13.8 million for the year plus additional advances of $4.1 million. Investments in other sales finance affiliates, also carried at equity plus advances, amounted to $0.8 million.
- Investment in General Electric common stock at the end of 1967 totaled $71.3 million, compared with $62.5 million at the end of 1966, and represented cost of 728,098 shares held for various corporate purposes. At year end, these shares had a quoted market value of $69.9 million.

The number of shares held by the Company at December 31, 1967, included 381,679 shares held for possible conversion of the bonds of General Electric Overseas Capital Corporation.

During 1967, 778,330 shares of the Company's stock were purchased principally through regular transactions in the securities market. 293,796 of these shares represented purchases made for the account of employees participating in the Savings and Security Program.

Corporate uses of shares during 1967 are shown in the table to the right.

In addition, at December 31, 1967, the Company was holding for ultimate distribution to

Application of funds	*(In millions)* 1967	1966
Short-term applications:		
Receivables	$208.4	$149.0
Inventories	−22.3	336.0
Payables to others	−113.6	−150.7
	72.5	334.3
Long-term applications:		
Plant additions	561.7	484.9
Depreciation taken	−280.4	−233.6
Other	−0.7	115.1
	280.6	366.4
Net application of funds	$353.1	$700.7

Source of funds	1967	1966
Net earnings for year	$361.4	$338.9
Less dividends paid	−234.2	−234.7
	127.2	104.2
Cash and marketables	– 8.5	314.5
Short-term borrowings	– 19.4	165.8
Long-term borrowings	247.6	112.4
Newly issued common stock	6.2	3.8
Net source of funds	$353.1	$700.7

Corporate uses of Treasury Shares in 1967:

Company contributions to General Electric Savings and Security Program	259,717
Incentive Compensation Plan:	
Delivered to participants	42,917
Transferred under deferred provisions	58,787
General Electric Savings and Stock Bonus Plan	16,294
Other awards to employees	388
	378,103

Plant and Equipment *(In millions)*		
Major classes at Dec. 31	1967	1966
Land and improvements	$ 78.8	$ 70.1
Buildings, structures and equipment	915.8	817.0
Machinery and equipment	2,128.6	1,777.7
Leasehold costs and plant under construction	98.9	91.8
	$3,222.1	$2,756.6
Cost at Jan. 1	$2,756.6	$2,399.2
Additions	561.7	484.9
Dispositions	– 96.2	– 127.5
Cost at Dec. 31	$3,222.1	$2,756.6
Accumulated depreciation		
Balance at Jan. 1	$1,497.3	$1,362.2
Current year provision	280.4	233.6
Dispositions	– 93.8	– 119.3
Other changes	43.2	20.8
Balance at Dec. 31	$1,727.1	$1,497.3
Plant and equipment less depreciation at Dec. 31	$1,495.0	$1,259.3

Other Assets *(In millions)*		
December 31	1967	1966
Long-term receivables, less reserve	$112.6	$ 96.9
Recoverable design costs on government contracts	86.7	64.5
Funds for employee benefit plans—per contra in other liabilities	26.5	24.2
Deferred charges	20.4	24.6
Loans and advances to employees	9.1	8.2
All other	41.3	32.7
	$296.6	$251.1

employees under the deferred compensation provisions of the Incentive Compensation Plan a total of 374,692 shares of General Electric common stock deferred during the years 1949 through 1967. These shares are carried under other assets as a part of funds for employee benefit plans. They are carried at market value at the time of their allotment, with an offset under other liabilities.

- *Investments in those companies which are not consolidated but in which the Company owns approximately 50% of the voting stock are valued at cost adjusted for changes in equity since acquisition.*

The investment in such companies was $23.8 million at the end of 1967, compared with $36.8 million at the close of 1966.

- Miscellaneous investments (valued at cost) aggregated $119.8 million at the end of 1967, compared with $112.3 million at the end of 1966. On December 31, 1967, fair value of these investments was approximately $160 million.
- Reserve for investments amounted to $8.5 million at the close of 1967.

Plant and equipment, less accumulated depreciation, represents the original cost of land, buildings and equipment, including equipment leased to others, less estimated cost consumed by wear and obsolescence. Details of plant and equipment, and accumulated depreciation, are shown in the table to the left.

Other assets, less applicable reserves of $8.8 million, totaled $296.6 million at December 31, 1967. The principal items included in other assets are shown in the left margin.

Short-term borrowings, those due within one year, totaled $266.9 million at the end of 1967, compared with $286.3 million at the end of the preceding year, and represented principally borrowings from banks by the Company's foreign affiliates.

Accounts payable, consisting principally of amounts owing for materials and services supplied by others, amounted to $425.0 million at the end of 1967. Included are payables representing collections from employees and other amounts being held temporarily by the Company.

Other costs and expenses accrued included payrolls accrued of $43.7 million at December 31, 1967, and interest expense accrued amounting to $10.4 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees, renegotiation, allowances to customers and employee benefit costs.

Long-term borrowings amounted to $724.1 million at December 31, 1967, up $247.6 million from the end of last year.

In 1967, General Electric Company issued its 5.30% Sinking Fund Debentures due May 1, 1992, in the aggregate principal amount of $200.0 million. The indenture agreement calls for sinking fund payments beginning in 1973. Interest is payable semiannually.

Also, early in 1967, General Electric Company issued the balance ($53.0 million) of its 5¾% Notes due November 1, 1991, in the aggregate principal amount of $125.0 million. Private placement of these Notes was arranged in 1966. Interest is payable semiannually.

General Electric Company 3½% Debentures are due May 1, 1976, with interest payable semiannually. Debentures having a face value of $13.5 million, and reacquired at a cost of $13.0 million, were retired during 1967 in accordance with the sinking fund provisions of the underlying indenture agreement. Debentures outstanding at the end of 1967 amounted to $159.8 million after deduction of reacquired debentures with a face value of $43.1 million held in treasury for future sinking fund requirements.

General Electric Overseas Capital Corporation 4¼% Guaranteed Bonds due December 1, 1985, in the aggregate principal amount of $50.0 million, are convertible from May 1, 1967, to November 30, 1975, into Company common stock at $131 a share. Interest is payable semiannually. Payment of principal, premium, if any, interest and sinking fund is unconditionally guaranteed by General Electric Company.

General Electric Overseas Capital Corpora-

General Electric Credit Corporation
Consolidated Financial Statements

Financial Position December 31	1967	1966*
Cash and marketable securities	$ 96,320,571	$ 66,696,609
Receivables:		
Time sales, loans and leases (including installments due after one year—1967—$683,000,000; 1966—$628,000,000)	1,392,885,148	1,278,567,183
Inventory financing	114,356,473	116,347,611
Sundry receivables	11,136,526	9,519,931
Total receivables	1,518,378,147	1,404,434,725
Less: Deferred income	−158,950,676	−151,717,963
Reserve for losses	−37,061,581	−25,264,449
Net receivables	1,322,365,890	1,227,452,313
Furniture and equipment, less accumulated depreciation	3,760,248	884,327
Other assets	7,061,398	3,496,997
Total assets	$1,429,508,107	$1,298,530,246
Notes payable:		
Due within one year	$ 880,557,114	$ 814,150,036
Long-term (including subordinated notes—1967—$113,639,753; 1966—$99,753,126)	285,718,528	256,953,126
Accounts and drafts payable	55,254,620	43,293,072
Deferred payments to sellers	51,886,644	49,623,398
U.S. and foreign income taxes	5,087,014	6,101,795
Other liabilities and deferred tax credits	19,468,504	10,654,615
Total liabilities	1,297,972,424	1,180,776,042
Capital stock	20,000,000	20,000,000
Retained earnings	111,535,683	97,754,204
Equity—held by General Electric Company	131,535,683	117,754,204
Total liabilities and equity	$1,429,508,107	$1,298,530,246

Current and Retained Earnings For the year	1967	1966*
Volume of financing and leasing	$1,477,861,060	$1,500,408,966
Earned income	$ 152,826,777	$ 134,487,782
Expenses—Operating and administrative	53,191,390	48,445,804
—Interest and discount	55,186,823	52,409,427
—Provision for losses on receivables	17,548,183	11,101,683
—Income taxes	13,118,902	11,275,000
Net earnings	13,781,479	11,255,868
Retained earnings at January 1	97,754,204	86,498,336
Retained earnings at December 31	$ 111,535,683	$ 97,754,204

**Certain 1966 amounts have been reclassified for comparative purposes.*

(continued from page 33)

tion 6¼% Deutsche Mark Notes are due July 1, 1971, in the aggregate principal amount of 100-million Deutschemarks (equivalent to $25.0 million). Interest is payable annually. The Corporation's 7½% ten-year Note is due October 3, 1976, in the aggregate principal amount of 15-billion lire (equivalent to $24.0 million). Interest is payable annually. Both of these borrowings are also unconditionally guaranteed by General Electric Company as to payment of principal, premium, if any, and interest. Proceeds from General Electric Overseas Capital Corporation borrowings are being used to help finance the international operations of the Company and its affiliates.

Other long-term borrowings represented largely borrowings by the foreign affiliates.

A summary of long-term borrowings is shown at upper right.

Preferred stock, $1 par value, was authorized at the 1965 meeting of share owners. The Board of Directors is authorized to issue up to 2,000,000 preferred shares, in series, and to fix the designation, relative rights, preferences and limitations of the shares of each series. No preferred shares had been issued at December 31, 1967.

Common stock issued by the Company amounted to 91,306,551 shares at December 31, 1967, compared with 91,219,745 shares at the end of 1966. Authorized shares of common stock total 105,000,000, each with a par value of $5. In 1967, 86,806 shares were issued under the Company's stock option plans. In 1968, it is expected that new shares will be issued for stock option purposes and also for a portion of the requirements for other corporate purposes.

Amounts received for stock in excess of par value increased $2.8 million, resulting from the amounts received for newly issued shares in excess of par value ($5.8 million), reduced by net losses from the disposition of common stock held in treasury ($3.0 million).

The Incentive Compensation Plan provides incentive for outstanding performance by key

Long-Term Borrowings *(In millions)*

December 31	1967	1966
General Electric Company:		
5.30% Debentures	$200.0	$ —
5¾% Notes	125.0	72.0
3½% Debentures	159.8	164.8
General Electric Overseas Capital Corporation Guaranteed Bonds and Notes	99.0	99.0
Other long-term borrowings	140.3	140.7
	$724.1	$476.5

Stock options

Year of grant	Average option price	Net original grants*	Installments not yet exercisable	Installments exercisable but not yet purchased	1967 purchases
1957	$65.76	168,996	—	37	37,415
1958	64.88	50,473	—	10,420	8,762
1959	79.88	26,382	2,241	11,285	4,023
1960	78.63	67,208	12,859	36,068	6,494
1961	78.00	67,573	20,406	29,970	4,700
1962	72.75	45,785	18,832	16,104	4,814
1963	79.88	260,668	128,467	93,702	18,003
1964	90.63	132,441	84,651	44,078	2,383
1965	114.63	36,522	28,313	8,209	—
1966	97.50	119,883	105,964	13,707	212
1967	101.50	101,894	101,894	not yet exercisable	
		1,077,825	503,627	263,580	86,806

*After deductions for such reasons as deaths, retirements and withdrawals. Closing market price was $96.00 on December 31, 1967.

employees. Incentive amounts allotted for any given year vary in accordance with how well the year's objectives are met by the entire Company, by the organizational component for which the individual works and by the individual himself. Allotments made in 1967 for services performed in 1966 amounted to $19,353,781 for 2,626 employees.

The Stock Option Plan, approved by the share owners in 1963 by 97.7% of the votes cast, and two previous similar plans, provided continuing incentive for more than 600 employees during 1967. The option price of grants under these plans is the full market value of General Electric stock on the date of grant. Therefore, participants in the plan do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, since options may be exercised only after annual installments mature, which is generally over a period of nine years. Thus the plan encourages managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners.

The additional stock options granted during 1967 covered 101,894 shares. The shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 32,048. Options for 767,207 shares outstanding at the end of 1967 were held by 562 individuals and 915,656 shares were available for the granting of additional options. A summary at the end of 1967 is shown at the left.

The Company was contingently liable at the close of 1967 to a number of financial institutions for $88.0 million of installment receivables, including interest collectible in the future, which had been sold to such institutions in 1963 on a full recourse basis.

Independent Auditors' Report
to the share owners and board of directors of General Electric Company

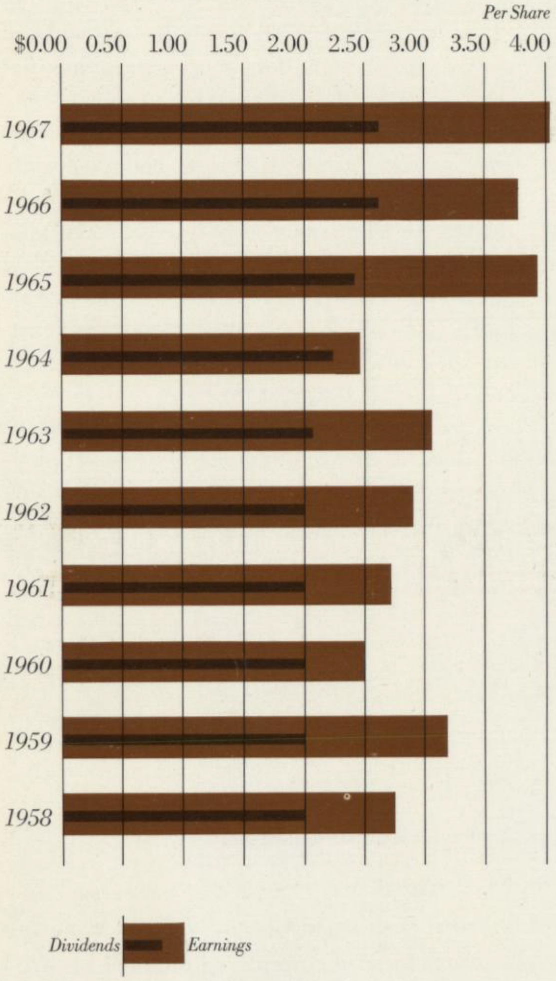
We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1967, and the related statement of current and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1967, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.   Seventy Pine St., New York, New York, February 21, 1968

Dividends declared for 69th consecutive year



Cash dividends declared in 1967 continued the uninterrupted record of quarterly dividends which began in 1899. Earnings and cash dividends declared for the past 10 years are shown on this chart. The 1967 declaration was 65% of net earnings, compared with an average rate of 70% over the 10 years shown, and a 67% average for the entire 69-year period. There have been, from time to time over the 69-year span, dividends distributed in the form of stock.

Ten Year Summary

On worldwide basis of consolidation	**1967**
Sales of products and services	$7,741.2
Net earnings	361.4
Net earnings per share	4.01
Earnings as a percentage of sales	4.7%
Earned on share owners' equity	15.9%
Cash dividends declared	$ 234.2
Dividends declared per share	2.60
Dividends paid per share	2.60
Average number of shares outstanding	90,133,132
Average number of share owners	529,410
Market price range per share[a]	115⅞-82½

[a] Represents high and low market price on New York Stock Exchange for each year.

Current assets	$3,207.6
Current liabilities	1,977.4
Total assets	5,347.2
Share owners' equity	2,342.2
Plant and equipment additions	$ 561.7
Depreciation	280.4
Total taxes and renegotiation[b]	390.1
Total taxes per share	4.33

[b] Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are included with employee benefits.

Average number of employees (United States only)	296,258

Dollar amounts in millions; per-share amounts in dollars

1966	1965	1964	1963	1962	1961	1960	1959	1958
$7,177.3	$6,213.6	$5,319.2	$5,177.0	$4,986.1	$4,666.6	$4,383.2	$4,466.5	$4,235.9
338.9	355.1	219.6	272.2	256.5	238.4	218.7	277.6	238.5
3.75	3.93	2.44	3.05	2.89	2.70	2.49	3.18	2.75
4.7%	5.7%	4.1%	5.3%	5.1%	5.1%	5.0%	6.2%	5.6%
15.7%	17.5%	11.5%	14.9%	15.0%	14.8%	14.3%	19.5%	18.2%
$ 234.6	$ 216.7	$ 197.7	$ 183.1	$ 177.5	$ 176.4	$ 175.5	$ 174.3	$ 173.7
2.60	2.40	2.20	2.05	2.00	2.00	2.00	2.00	2.00
2.60	2.30	2.20	2.00	2.00	2.00	2.00	2.00	2.00
90,304,736	90,316,825	89,916,726	89,384,229	88,802,355	88,292,109	87,776,272	87,200,715	86,846,139
529,912	521,230	516,402	503,516	446,919	440,938	416,950	404,431	395,493
120-80	120¼-91	93⅝-78¾	87½-71¾	78½-54¼	80¾-60½	99⅞-70¼	99⅞-74	79⅜-57
$3,013.0	$2,842.4	$2,543.8	$2,321.0	$2,024.6	$1,859.7	$1,846.6	$1,904.7	$1,745.3
1,883.2	1,566.8	1,338.9	1,181.9	1,168.7	1,086.6	960.0	1,007.0	965.3
4,851.7	4,300.4	3,836.0	3,502.5	3,349.9	3,143.4	2,938.8	2,909.2	2,762.7
2,211.7	2,107.0	1,944.2	1,889.2	1,764.3	1,654.6	1,568.5	1,494.1	1,350.0
$ 484.9	$ 332.9	$ 237.7	$ 149.2	$ 173.2	$ 179.7	$ 166.2	$ 97.0	$ 108.8
233.6	188.4	170.3	149.4	146.0	131.6	125.1	123.7	127.7
409.1	403.8	277.3	331.4	298.7	289.9	234.1	317.6	287.0
4.53	4.47	3.08	3.71	3.36	3.28	2.67	3.64	3.30
290,825	257,903	242,895	244,896	243,112	234,855	236,250	231,977	234,652

Printed in the United States of America

Progress City, *a huge model city on display at the General Electric Carousel of Progress at Disneyland, demonstrates Company ideas for improving life in our urban centers. Visitors find it hard to believe that every feature in Progress City is possible today through existing General Electric technology.*